

Dear Judge,

As a very risk averse investor, I am writing to you as a victim of Celsius' egregious misrepresentations about their operations and risk management. My investment was BTC only, for a ~2% yield, a low risk investment for a relatively low yield.

The opening arguments Celsius made to account for the hole in the balance sheet only represent a fraction of the money lost, and regardless these were events that any prudent risk management strategy should have accounted for. They should have been "Delta neutral" as Mr Mashinsky himself claimed.

I am appalled at the notion that a company can publicly make misrepresentations and lie, on a weekly basis, yet then try to hide behind a single sentence buried deep within a Terms of Service (that any crypto deposited becomes their asset). This is simply not right.

How can Terms of Service even be valid if the Service delivered is patently different to the one that is represented?

I can't even imagine legal professionals reading through the updated T&Cs everytime their phone gets an update. My concern here is how public Mr Mashinsky was, in making statements which I believe the process of this case will expose as being simply not true. This is how Celsius users were assured, and got their insight into the operations of Celsius.

I would like to bring your attention to one particular example:

Source : <https://youtu.be/LaIfR4BuIno?t=4039> (AMA with timestamp)

Someone asked during an AMA on April 30th 2021: "What happens if there is a bank run on Celsius?"

Mr Mashinsky's full answer:

"So, a run on the bank...normally because banks have fractional reserves, they lend 20, 30, 50 times more than the money they have... there is a (using air quotes) "run on the bank".

A run on the bank cannot happen at Celsius, because Celsius never lends more than what it has. Right? We cannot do, legally- we're not allowed to create money or do fractional reserves.

*So at any moment we always have enough coins and enough collateral and so on to return all of the assets to all of our users. **And everyday, we have a process, the daily reconciliation process. Where our team, like 20 or 25 people, get on a call and grind through all the tokens and all the coins and make sure that we have more coins than what we owe the community.***

Right? That's our process. And no bank in the world can do that for you because they never have enough assets to return for you if there is a run on the bank.

I would also like to highlight as a UK based investor, we were never even given the option of custody accounts.

Thank you for taking the time to read this letter, and I wish you all the best for the busy few months ahead!

Best wishes,

David Ollerhead